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FISCAL IMPACT REPORT

ORIGINAL DATE 2/8/07

SPONSOR Lujan, B. LAST UPDATED 3/5/07 HB 664/aHTRC/aSCORC

SHORT TITLE Horse Racing Licensure & Regulation SB _____

ANALYST Ortiz

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	\$0.1 (see narrative)		Recurring	NEW FUND CREATED: HORSE RACING SUSPENSE ACCOUNT

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

- State Racing Commission (SRC)
- Attorney General's Office (AGO)
- Corrections Department (CD)
- Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of SCORC Amendment

Senate Corporations and Transportation Committee Amendment declares an emergency and inserts Section 60-2E-14 NMSA 1978, amending it so that an applicant for a license must submit two sets of fingerprint cards to GCB, which constitute consent to a criminal background check. It adds that GCB's law enforcement officers may request criminal history information from the FBI or any law enforcement agency.

Synopsis of HTRC Amendment

House Taxation and Revenue Committee Amendment increases the number of pari-mutuel wagering on live horse races run on the premises from nine to seventeen days. If the seventeen days are met then the racetrack licensee is allowed to simulcast horse races.

Pari-mutuel wagering on simulcast horse races shall be prohibited except on the licensed premises of a racetrack licensee during the licensee's race meet instead of "on days when live horse racing occurs".

Specify that the one-half percent of the gross amount wagered on simulcast horse races broadcast to a horse racetrack in New Mexico shall be distributed by the racetrack licensee to the New Mexico horsemen's association for medical benefits for the members of the New Mexico horsemen's association.

Simplifies the language that currently states that the net retainage from interstate common pools wagered at off-site locations, after deduction of the allocation to the New Mexico horse breeders' association to instead read that of the net retainage from all wagers after deductions.

The money in the horse racing suspense account shall be used to pay claims for that have been determined by the commission to be legally due to the remitter.

Synopsis of Original Bill

House Bill 664 makes numerous changes to the current laws regulating horse racing by adopting definitions as they generally exist within the current regulations of the Racing Commission; reorganizing the current statute regulating horse racing; requiring the Gaming Control Board and the Racing Commission to coordinate with each other in conducting background checks for the Racing Commission; raising civil penalties for violations of the Act from a maximum of \$5,000 to \$10,000; and raising the licensing fees for race track applicants and secondary license applicants.

FISCAL IMPLICATIONS

The State Racing Commission points out that anyone currently involved in both racing and gaming must obtain two licenses and two backgrounds, which results in a negative fiscal impact. With implementation of this bill, there will be a significant savings to the public and will prevent duplication of services.

According to Taxation and Revenue Department there is no fiscal impact. There is no change in daily pari-mutuel daily tax rate of \$650 for a Class A racetrack, of which there is a distribution of \$150 to the municipality where the racetrack is located. The amount is deducted from the daily tax rate. Proceeds of daily pari-mutuel tax are deposited to the General Fund.

The "horse racing suspense account" is created in the state treasury to hold funds remitted to the commission for payment of daily license fees, daily pari-mutuel tax and daily capital outlay tax. Money in the horse racing suspense account exceeding three thousand dollars (\$3,000) shall be transferred to the taxation and revenue department for deposit in the general fund. The money in the horse racing suspense account shall be used to pay claims for refunds of daily license fees, daily pari-mutuel tax or daily capital outlay taxes that have been determined by the commission to be legally due to the remitter.

SIGNIFICANT ISSUES

According to the AGO, the major change caused by HB 664 is to allow the Gaming Control Board to conduct background checks for applicants for licenses with the Racing Commission and to re-organize the current laws establishing the Racing Commission.

The State Racing Commission confirms the AGO remarks and adds that HB 664 does not constitute a consolidation of Racing Commission and Gaming Control Board, however, because the Racing Commission has limited resources, GCB will conduct background checks. The focus of this bill is simply to re-organize the Act and modernize the language.

PERFORMANCE IMPLICATIONS

The State Racing Commission notes that if HB 664 is adopted it would allow for a more timely background investigations.

ADMINISTRATIVE IMPLICATIONS

The Racing Commission will have to review its current regulations to bring them into compliance with the provisions of HB 664.

The State Racing Commission explains that currently racing participants are required to have licenses for both racing and gaming. This bill will eliminate the duplication of background checks, which will benefit the public. The State Racing Commission will only license concession employees in a restricted area, all other concession employees will not be licensed by the State Racing Commission nor will it approve admission and concession prices.

OTHER SUBSTANTIVE ISSUES

The State Racing Commission assures that neither Racing Commission nor Gaming Control Board is proposing any substantive changes that will upset the achieved power within the racing community. There will not be any transfer of decision making authority from racing to gaming.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The AGO acknowledges that background checks conducted by the Racing Commission may be

slower and less efficient than would be under HB 664 because of the greater resources available to the Gaming Control Board to conduct such checks.

OTHER

Why is the new fund necessary?

EO/mt:nt